

## DEVELOPMENTS IN THE INTERNATIONAL COMMODITY MARKETS DURING THE FIRST QUARTER OF 1985

Developments in the world commodity markets during the first quarter of 1985 were largely influenced by moderate increases in the production and supply of most of the agricultural commodities and reduced speculative activities. The persistent strength of the dollar vis-a-vis sterling also affected the commodity markets.

The all-commodities price index (1975 = 100) increased by 10.5 per cent. The rates of increase were significant for groundnut oil and rubber. Prices of a number of commodities such as Palm kernel, Copra and Palm Oil, however declined.

The price behaviour in the beverage markets was largely influenced by the changes in relative currency values in terms of dollar/sterling. The price of **cocoa** increased by 9.9 per cent during the quarter.

The conference on the proposed cocoa agreement ended in Geneva without a new agreement on quotas and prices. The next meeting was fixed for July. The current agreement has managed to minimize violent price fluctuations in spite of the failure of the United States of America which is a major consumer to ratify the agreement.

The total World Crop in 1984/85 was estimated at 1,803,000 tonnes while Nigeria's cocoa production for 1984/85 season was estimated at 150,000 tonnes. As at the end of March, Nigeria's cocoa production was 130,000 tonnes which is 86.7 per cent of the estimated figure for Nigeria and 7.2 per cent of the world estimate.

The price of **coffee** also increased marginally by 1.2 per cent in the reporting quarter. The current price level was however lower by 1.8 per cent when compared with the corresponding quarter of 1984.

Nigeria's coffee quota for 1984/85 was fixed at 76,980 bags (60 kilo each) but it may be recalled that out of the 73,408 bags (60 kilo each) allotted to Nigeria in 1983/84, a shortfall of about 31,000 bags was declared. Nigeria had never at any time fully utilized the quota allotted to her by the International Coffee Organisation (ICO).

### Vegetable Oils and Oilseeds

With the exception of groundnut oil, the prices of vegetable oils and oilseeds declined in the reporting quarter.

At 134.0, the index of **groundnut oil** increased by 14.3 and 17.4 per cent compared with the previous quarter and the corresponding quarter of 1984. The price increase resulted from supply shortages created by inadequate exports by Senegal.

On the other hand, the price of **Palm kernel** declined by 13.3 per cent compared with the preceding quarter and by 17.4 per cent in comparison with corresponding quarter of 1984. A major

factor which contributed to the price decreases was the restrictive import policies of major consuming countries arising from their deliberate policy to encourage local producers, which led to a slack in demand. Prominent among the consuming countries which adopted this policy were Ghana and India where importation of palm produce was banned during the reporting quarter. This situation created excess supplies in the world market and also encouraged domestic production in the importing countries.

The price of **palm oil** declined by 5.2 per cent during the quarter and by 8.8 per cent compared with the corresponding quarter of 1984. The price of **copra** declined by 9.1 per cent in the quarter but increased by 10.0 per cent when compared with the corresponding quarter of 1984. The price decline in the reporting quarter resulted from increased production.

### Fibres

At 163.7, the index of the world price of cotton increased by 1.5 per cent during the quarter but declined substantially by 22.9 per cent in comparison with the corresponding quarter of 1984. This situation reversed the increasing trend exhibited in the first three quarters of 1984.

### Natural Rubber

The declining trend in the price of rubber abated in the reporting quarter. At 151.5, the price index of rubber increased by 12.4 per cent, compared with a decline of 31.8 per cent in the fourth quarter of 1984. This rise in the world price of rubber was attributed to the weakness of sterling vis-a-vis the US dollar and Malaysian dollar, and partly due to high interest rates in both consuming and producing countries.

### Grains and Sugar

The world prices of major grains and sugar increased during the quarter. The price increases ranged from 3.8 per cent for wheat to 8.7 per cent for sugar. These increases resulted from the exchange rate movement of the dollar vis-a-vis the pound sterling.

Shortages in the grains market resulted in their price increases. The price of **rice** increased by 6.1 per cent to ₦608.5 per tonne, while those of wheat and maize increased by 3.8 and 6.5 per cent to ₦164.0 and ₦163.0 per tonne, respectively.

The price of sugar increased by 8.7 per cent during the quarter compared with the decline of 20.6 per cent over the level in the corresponding quarter of 1984.

AGRICULTURAL STUDIES OFFICE  
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Table 1

**INDEX OF WORLD PRICE (C.I.F.) OF AGRICULTURAL COMMODITIES:**  
(1975 = 100)

Commodities	1st Quarter	4th Quarter	1st Quarter	% Change	Between
	1984 (1)	1984 (2)	1985 (3)	(1) & (2)	(2) & (3)
All-commodities.....	238.5	211.7	234.0	-1.9	10.5
Cocoa.....	213.7	250.5	275.4	28.9	9.9
Coffee.....	335.8	326.0	329.8	-1.8	1.2
Copra.....	283.1	342.4	311.4	10.0	-9.1
Cotton.....	212.3	161.3	163.7	22.9	1.5
Groundnut.....	305.9	—	290.4	-5.1	—
Groundnut oil.....	114.1	117.2	134.0	17.4	14.3
Palm kernel.....	308.6	293.6	254.6	-17.4	-13.3
Palm oil.....	187.4	180.3	170.9	-8.8	-5.2
Rubber.....	222.0	134.8	151.5	-31.8	12.4
Soya bean.....	161.4	157.5	162.8	0.9	3.4

Source:— Compiled from Public Ledgers, Financial Times and CCST Commodities Market Reports.

Table 2

**WORLD PRICES OF SELECTED GRAINS AND SUGAR FOR FIRST QUARTER**  
(₦/Tonne)

	1st Quarter	4th Quarter	1st Quarter	% Change	Between
	1984 (1)	1984 (2)	1985 (3)	(1) & (3)	(2) & (3)
Rice (par boiled 5% broken).....	—	573.5	608.5	—	6.1
Maize.....	161.7	153.8	163.8	1.3	6.5
Sugar (raw).....	130.7	95.3	103.6	-20.6	8.7
Wheat.....	135.2	158.0	164.0	21.3	3.8

Source:— Compiled from Public Ledger and West Africa Magazine.